

ORIGINAL



RECEIVED

BEFORE THE ARIZONA CORPORATION COMMISSION

2002 OCT 28 P 4: 36

WILLIAM A. MUNDELL
CHAIRMAN
JIM IRVIN
COMMISSIONER
MARC SPITZER
COMMISSIONER

AZ CORP COMMISSION
DOCUMENT CONTROL

IN THE MATTER OF THE APPLICATION
OF THE ARIZONA ELECTRIC DIVISION
OF CITIZENS COMMUNICATIONS
COMPANY TO CHANGE THE CURRENT
PURCHASED POWER AND FUEL
ADJUSTMENT CLAUSE RATE, TO
ESTABLISH A NEW PURCHASED POWER
AND FUEL ADJUSTMENT CLAUSE
BANK, AND TO REQUEST APPROVED
GUIDELINES FOR THE RECOVERY OF
COSTS INCURRED IN CONNECTION
WITH ENERGY RISK MANAGEMENT
INITIATIVES.

DOCKET NO. E-1032C-00-0751

MOTION TO STRIKE MARSHALL
MAGRUDER'S DATA REQUEST
THREE

Arizona Corporation Commission

DOCKETED

OCT 28 2002

DOCKETED BY

CAR

The Arizona Electric Division of Citizens Communications Company ("Citizens") hereby moves that Marshall Magruder's Data Request Three ("Data Request Three") be stricken in its entirety.

The Procedural Order dated September 27, 2002 in this proceeding designated October 22, 2002 as the final date for "Submission of Final Supplemental Data Requests" (emphasis added). By letter dated October 20, 2002, intervenor Marshall Magruder forwarded to Citizens his Data Request Three, which consisted of 43 pages of detailed questions. (A copy of Data Request Three, together with the cover letter that accompanied it is attached to this Motion as Exhibit A). The 160 questions included in Data Request Three are all untimely and generally call for information that is irrelevant to the matters that are at issue in this proceeding.

1 This proceeding was commenced by application filed September 28, 2000. Discovery
2 was conducted, and parties were ready to begin hearings on March 25, 2002. Those hearings
3 were delayed, at great cost to Citizens, by a motion to disqualify Citizens' chosen counsel,
4 followed by a request for disqualification of Citizens' substitute counsel. As a result of the
5 delays imposed on Citizens, Citizens was required to update the numbers in its application.
6 By Order of August 27, 2002 a procedural schedule was adopted, on agreement of the parties,
7 that allowed parties to serve supplemental data requests on Citizens. Since the case was ready
8 for hearings on March 25, 2002, these "supplemental" data requests should have been
9 addressed only to matters that arose after March 25, 2002, principally the updated numbers.

10 By motion of September 24, 2002, Staff of the Arizona Corporation Commission
11 ("Staff") requested a further postponement of hearings because of the volume of documents
12 that had been produced in response to the First Set of Supplemental Data Requests submitted
13 on behalf of Mohave and Santa Cruz Counties. In opposing Staff's motion, Citizens explained
14 that it should not be penalized for responding to data requests that were either irrelevant,
15 beyond the scope of the procedural schedule, or both, in an attempt finally to get to hearings,
16 rather than objecting to those requests and further delayed hearings. Despite Citizens'
17 objections, hearings were once again postponed, and the present schedule was adopted.

18 Citizens will not once again reply to improper data requests without objection. A
19 review of Data Request Three shows, from its cover letter on, that it is grossly improper.

20 Despite Mr. Magruder's labeling of his most recent demand as Data Request Three, he
21 claims in his cover letter that this is his "first discovery opportunity." He uses this baseless
22 claim to argue, "Thus some seemingly basic issues are raised." By the title of his own
23 document, Mr. Magruder admits that he has had prior opportunities to conduct discovery.
24 The present schedule does not allow discovery of "basic issues." The time for discovery on
25 those issues passed long ago. The schedule allows only a final supplemental data request.
26

1 Mr. Magruder's rambling 43-page, 160 questions document certainly does not fit that
2 description.

3 A review of subsequent dates in the agreed-upon Procedural Order shows how
4 misplaced Mr. Magruder's current demands are. Responses to final supplemental data
5 requests are due October 29, 2002, seven days after the last day for making a demand.
6 Supplemental Testimony of Staff and Intervenors is due November 5, 2002. Mr. Magruder's
7 43-page demand could take weeks to answer. Clearly, this is not the type of supplemental
8 request the parties had in mind when establishing the schedule.

9 Mr. Magruder's rambling, unfocused demand also violates the spirit, if not the exact
10 wording, of the Arizona Corporation Commission's rule allowing intervention by parties who
11 are directly and substantially affected by a proceeding. R14-3-105(B) provides in pertinent
12 part:

13 No application for leave to intervene shall be granted where by so
14 doing the issues therefore presented will be unduly broadened
except upon leave of the Commission first had and received.

15 When Mr. Magruder was allowed to intervene in this proceeding, he did not receive
16 permission to unduly broaden the issues presented, yet that is exactly what he is attempting to
17 do in his Data Request Three. As will be discussed briefly below, and as a review of Data
18 Request Three will show, Mr. Magruder not only seeks discovery on matters upon which
19 discovery was long ago concluded, but also seeks discovery on matters that have no relevance
20 to the issues in this proceeding. Even where the subject matter of the requests might be
21 relevant, the requests are unduly vague. (Ten requests ask that Citizens "discuss" a topic.)

22 Particular Defects

23 Data Request Three is grouped under several headings. The first, "New Citizens-
24 PWCC Agreement(s)," contains 16 numbered questions, many of them multi-part. Almost all
25 are irrelevant to the issues before the Commission in this proceeding, and the few that may be
26

1 relevant deal with material that could have been the subject of data requests prior to the March
2 25, 2002 date hearings were to have been held.

3 The second group of questions is entitled "Citizens PPFAC Account and 'Loan,'" and
4 consists of 38 numbered questions. They deal largely with material that predates March 25,
5 2002 and could have been asked about long ago. They also address such irrelevant matters as
6 steps Citizens has taken to reduce energy loss rates (question 20); what measures Citizens has
7 taken to increase the capacity of local PURPA Qualified Facilities in its territory (question
8 22); and how Qualified Facilities are managed by Citizens (question 23). Questions 25 and 38
9 deal not with this proceeding, but with Citizens' filings with the United States Securities and
10 Exchange Commission. Not only are these data requests, which seek to inquire about filing
11 with another agency, irrelevant, they are also untimely, since they relate generally to filings
12 made before March 25, 2002.

13 The third group of questions are entitled "Valencia Turbines." The two questions
14 inquire about reliability issues (question 9); and a Pinnacle West Capital Corporation tariff
15 (question 10).

16 The fourth group of questions is entitled "Number of Customers" and consists of three
17 questions. These include a question with 8 subparts concerning an R.W. Beck forecast
18 prepared for Citizens (question 6); a question about streetlighting customers (question 7); and
19 one about customer classifications (question 8).

20 The fifth group of questions is entitled "Effective Confidentiality Agreement and
21 Disclosure," and contains 61 numbered questions. Most of the questions inquire about
22 documents that Citizens is required to treat as confidential by agreement with Arizona Public
23 Service Company ("APS"). These documents are available to anyone who signs a
24 confidentiality agreement with APS. Others involved in the case have done so. Mr.
25 Magruder simply states, without any explanation, "At present, obtaining such a document is
26 not feasible" These questions include a request that Citizens Communications Company

1 express its concerns about its credit rating under six different scenarios before the Arizona
2 Electric Division is sold (question 104), and that it express its concerns about its credit rating
3 under the same six scenarios after the Arizona Electric Division is sold. Question 107 asks
4 that Citizens discuss the implications of a buy-out of a power purchase agreement "on various
5 PPFAC decision scenarios."


6 The sixth group of questions is entitled "Possible Conflict of Interest." These 23
7 questions arise because Mr. Magruder received four boxes of documents from Citizens in
8 response to a Mohave and Santa Cruz County data request, and the shipping label showed the
9 name "Deb Scott." These questions ask, among other things, about ethical and conflict of
10 interest rules that pertain to positions at the Commission, "ethical training and accomplishment
11 criteria" required of Ms. Scott by the Commission, and statutes and regulations concerning
12 conflicts of interest. These questions are not proper discovery in this proceeding. The
13 Commission is well aware that Ms. Scott was employed by Citizens prior to her tenure as
14 Director of the Commission's Utilities Division. For that reason, while Director, Ms. Scott
15 recused herself from personal and substantial participation in any Citizens matter, including
16 the PPFAC proceeding. Ms. Scott has not entered an appearance and will not represent
17 Citizens in this proceeding.

18 The seventh and final heading in Data Request Three is "FERC Investigations with
19 Respect to Possible Illegal Energy Charges." This section contains 17 numbered questions
20 which call on Citizens to speculate on what it would do if the Arizona Corporation
21 Commission reduced the price in the wholesale power sales agreement between Citizens and
22 PWCC, without any explanation of how the Commission could possibly do such a thing
23 (questions 9 and 10); whether Citizens will seek refunds if the FERC determines that "the
24 natural gas prices" are overcharges (question 11); and whether Citizens would consider filing
25 for a refund "as recovered costs with respect to PPFAC" (question 12).

1 Conclusion

2 Citizens has attempted to outline briefly why Data Request Three is defective in its
3 particulars, but Citizens should not at this stage of the proceeding be put to the burden of
4 attempting to sift through this mountain of untimely questions in an attempt to see if any could
5 pass serious scrutiny. The time for discovery on basic issues passed long ago. Mr.
6 Magruder's Data Request Three is untimely, overbroad and vague. The Administrative Law
7 Judge should strike Data Request Three in its entirety.

8 RESPECTFULLY SUBMITTED this 28 day of October, 2002.

9
10 By 
11 Robert J. Metli
12 CHEIFETZ & IANNITELLI, P.C.
13 3238 North 16th Street
14 Phoenix, Arizona 85016

15 And

16 John D. Draghi
17 HUBER, LAWRENCE & ABELL
18 605 Third Avenue
19 New York, New York 10158

20 Attorneys for Citizens Communications
21 Company Arizona Electric Division

22 Original and eleven (11) copies of the foregoing
23 filed this 28 day of October, 2002, with:

24 Docket Control
25 ARIZONA CORPORATION COMMISSION
26 1200 West Washington Street
Phoenix, Arizona 85007

Copies of the foregoing hand-delivered
this 28 day of October, 2002, to:

Lyn Farmer, Chief Hearing Officer
ARIZONA CORPORATION COMMISSION
1200 West Washington Street
Phoenix, Arizona 85007

1 Dwight Nodes, Assistant Chief Hearing Officer
2 ARIZONA CORPORATION COMMISSION
3 1200 West Washington Street
4 Phoenix, Arizona 85007

5 Chris Kempley, Chief Counsel
6 Legal Division
7 ARIZONA CORPORATION COMMISSION
8 1200 West Washington Street
9 Phoenix, Arizona 85007

10 Ernest Johnson, Director
11 Utilities Division
12 ARIZONA CORPORATION COMMISSION
13 1200 West Washington Street
14 Phoenix, Arizona 85007

15 And all parties of record via first class mail.

16 By 

17 F:\CLIENTS\Citizens Communications\In Re PPFAC\Motion to Strike 10 28 02 kk.doc

Exhibit *A*

Marshall Magruder
47 Saddle Horn Road
PO Box 1267
Tubac, AZ 85646-1267
Email: marshall@magruder.org
Phone: 520.398.8587

20 October 2002

Mr. Robert J. Metli
Cheifetz & Iannitelli, P.C.
3238 North 16th Street
Phoenix, AZ 85016
(Via email and Priority US Mail)

Re: Citizens' PPFAC ACC Docket E-01032C-00-0751

Subject: Marshall Magruder Data Request Number Three

Dear Mr. Metli:

Please see Attachment A for Data Request Number Three and a Summary Sheet in Attachment B.
Please consider "Citizens" and "APS" to include all related entities.

Sincerely,

Marshall Magruder

Attachments:

A – Marshall Magruder Data Request Three
B – Summary of Marshall Magruder Data Requests

cc:

Mr. L. Russell Mitten
Citizens Communications Company
3 High Ridge Park
Stamford, CT 06905 (Via email)

Attachment A

Marshall Magruder Data Request Three

Data Request MM-3.1 (5) to (21)

**New Citizens – PWCC Agreement(s)
(0201020-Mod 1)**

3.1 The PWCC “*Market-Based Rate Tariff*” Agreement (16 July 2001), in Exhibit 2 of the Errata to the Revised Application, indicates the Buyer [Citizens] may purchase power from sources other than PWCC, specifically, in ¶1.8 (Original Sheet 6) as follows:

1.8 Buyer's Other Resources. Capacity and associated energy purchases made by Buyer that are scheduled in advance by Buyer and received under contract Buyer may have with other entities that are associated with

- (a) purchases from the Department of Energy associated with service to Aha Macav Power Service,
- (b) emergency interconnection purchases that cannot otherwise be purchased from Seller [PWCC] and
- (c) temporary purchases of capacity and energy from a third party in such amounts and of such duration as required to provide adequate and reliable electric service to Buyer's customers in its service area in Northern Santa Cruz County in and around the communities of Tubac and Amado and including Mount Hopkins National Observatory, which loads are currently isolated from the Arizona Public Service Company (“APS”) control area.

(5) Does Citizens have any Department of Energy or emergency interconnection purchases described in (a) and (b) above? If so, please describe and provide documentation of such agreements and their impact(s) on PPFAC.

CITIZENS RESPONSE/RATIONALE:

(6) Does Citizens have any temporary purchase agreements of “capacity and energy” as described in (c) above? If so, please describe and provide documentation of such agreements and their impact(s) on PPFAC.

CITIZENS RESPONSE/RATIONALE:

Citizens executed a “*Project Development Agreement [PDA] Between Tucson Electric Power Company and Citizens Communications Company*” on 12 January 2001; see ACC Docket L-00000C-01-0111, “Joint Application for a Certificate of Environmental Compatibility...” Exhibit J-5, includes in Section 7, “Interconnection and Transmission Service Arrangements” on page 9. This PDA, paragraph 7B, states:

B. **Transmission Service.** In addition to the Interconnection Agreement, Citizens will also enter into a service agreement with TEP covering the provision of 100-MW of firm transmission service to Citizens from WAPA's and APS' point of interconnection at Saguaro substation to the TEP Gateway Substation [in Nogales]. To the extent the 345-kV configuration of the Project is undertaken and constructed, the Parties contemplate that the charges or cost to Citizens for transmission will be designed in a manner to reflect a cost advantage to Citizens over its initial 115-kV project budget. To the extent the cost (or a portion thereof) to Citizens is structured as a tariff rate, such rate will be consistent with applicable FERC rules and regulations. Citizens will support any filings made by TEP to the FERC in respect to such service.”

[During the CEC hearings, Citizens and TEP both testified that this TEP 345-kV transmission line was for “backup” only. It would provide continuous firm, non-interruptible service. There was testimony that Citizens intends to “resell” this 100 MW service as non-firm, interruptible to others. Multiple testimony references are available.]

- (7) Does this PDA agree or conflict with the PWCC Tariff Agreement cited above? Please discuss any conflicts and how they will be resolved.

CITIZENS RESPONSE/RATIONALE:

TEP testified during the above Siting Case 111 that its wheeling charge was \$2.23 per kW-hr per month, which equals \$223,000 per month for the 100 MW firm deliveries required by the PDA. This is about \$14.87 per month per Santa Cruz County customer.

$$(\$223,000/15,000 \text{ customers}) = \$14.87/\text{customer}$$

- (8) When will Citizens request this transmission line "wheeling" charge for this backup service be added to PPFAC charges and then passed through to Citizens ratepayers? Transmission line services, such as the WAPA "wheeling" charges, are presently included in this present PPFAC Application and Revised Application.

CITIZENS RESPONSE/RATIONALE:

- (9) This TEP transmission line is required by ACC Decision No. 64356 to be operational by 31 December 2003. When

(a) Will these "wheeling" charges commence to be directly charged, or

(b) Will these charges start to accumulate and be charged after another PPFAC proceeding, to Citizens ratepayers?

CITIZENS RESPONSE/RATIONALE:

- (10) Will Mohave County ratepayers participate in subsidizing these Santa Cruz County "wheeling" charge payments?

CITIZENS RESPONSE/RATIONALE:

- (11) Does this PDA agree or conflict with the PWCC Tariff Agreement cited above (5)? If it conflicts, please discuss resolution and any possible impacts on PPFAC (transmission charges).

CITIZENS RESPONSE/RATIONALE:

- (12) Has PWCC reviewed and/or participated in any discussions concerning the impact of this additional purchase of power for Santa Cruz County? If so, please discuss and provide documentation from such discussions.

CITIZENS RESPONSE/RATIONALE:

- (13) Is the TEP PDA a temporary or emergency agreement per (b) or (c), respectively, of the PWCC Market-Based Tariff Agreement cited above or does other subparagraph covers this charge?

CITIZENS RESPONSE/RATIONALE:

- (14) Does Citizens have any other contracts, agreements or equivalent purchase orders with other entities under (a), (b) or (c) above of the PWCC Tariff Agreement? Discuss how these impact PPFAC.

CITIZENS RESPONSE/RATIONALE:

- (15) What was the reason the Northern Santa Cruz County area was identified in the PWCC Tariff Agreement in (c) above?

CITIZENS RESPONSE/RATIONALE:

- (16) Is there any relationship between fuel costs of the Valencia turbines capabilities and capacities that impact such electricity purchases for the Northern Santa Cruz County area in the PWCC Tariff Agreement in (c) above?

CITIZENS RESPONSE/RATIONALE:

- (17) Do the Valencia turbines have the capabilities and to provide reliable electricity for the Northern Santa Cruz County area in the PWCC Tariff Agreement in (c) above?

CITIZENS RESPONSE/RATIONALE:

- (18) Do any of these agreements discussed above, included any being included in Citizens' responses, impact this PPFAC case? If so, please describe.

CITIZENS RESPONSE/RATIONALE:

- (19) In the original Application, page 23, under Service Schedule A, Energy Charge, lines 20 to 22, there are two references to "add." These lines state: "Citizens also purchases additional off-peak energy at a rate of \$0.01676/kWh plus a 15% adder, or APS' system incremental cost plus a .0015/hWh, which ever is higher." Discuss if this adder was in use until 1 June 2001.

- a. Please explain, on lines 20 and 21, "Citizens also purchases additional off-peak energy at a rate of \$.01676/kWh plus a 15% adder". Please define this "adder." Note that 15% of \$.01676 equals \$.002514 and not the value indicated just after the above reference. How it is this "adder" used in determining PPFAC?

CITIZENS RESPONSE/RATIONALE:

- b. Please explain, on lines 21 and 22, "or APS' system incremental cost plus a 0.0015/kWh adder" including defining the purpose and accounting for such an adder. Does APS collect 15% for each such transaction?

CITIZENS RESPONSE/RATIONALE:

- c. Are Citizens and/or APS compensated for pass-through transaction costs by either "adder" as a charge?

CITIZENS RESPONSE/RATIONALE:

The Application Exhibit No. 6 and Amended Application Exhibit No. 4 show Santa Cruz County having higher rates than Mohave County for the same monthly electric loads.

- (20) What are all the regional-specific differences in PPFAC charges, including purchase power, fuel charges and transmission rates, charged in Mohave and Santa Cruz Counties under the Old Agreement before 1 June 2001?

CITIZENS RESPONSE/RATIONALE:

- (21) What are all the regional-specific differences in PPFAC charges, including purchase power, fuel charges and transmission rates, charged in Mohave and Santa Cruz Counties under the New Agreement after 1 June 2001?

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

Data Request MM-3.2 (7) to (38)**Citizens PPFAC Account and "Loan"**
(021020-Mod 2)

3.2 The original PPFAC Application (28 Sept. 2000), Amended Application (19 Sept. 2001), Errata to the Amended Application (26 Sept. 2001), and Updated Exhibits 3 (dated 1 Feb. 2002 and 26 Aug. 2002), are hereafter referred to as "PPFAC Application(s)." These PPFAC Application(s) refer to the PPFAC Bank and accumulated interest.

Citizens' responses to Data Requests MM-1.2 and MM-2.2 indicated no "PPFAC loan agreement" exists as Citizens has covered these costs to date. The PPFAC Application(s) request that the ratepayers cover the PPFAC Bank Balance (including accumulated PPFAC loan principal and interest) over multiple years in the future.

Testimony by Carl Dabelstein, dated November 2001, contains Exhibit CWD-4, which derives monthly PPFAC Not Recovered for May 2000 through June 2001 (duration of the Old APS Agreements, retroactive to 1 June 2001). This Exhibit condenses and summarizes, with no [intended] changes in the original data, in Table 3.2-1 below for the period of the Old APS Agreements.

Table 3.2-1 Monthly Purchase Power and Fuel Costs, Old Contract and Other Recoveries, and PPFAC Not Recovered (from Exhibit CWD-4).

Month	Monthly Purchase Power and Fuel Costs	Base Rate Recoveries @ \$0.05194	PPFAC Recoveries @ \$(0.00553), Others *	Total Monthly Recovery (Base + PPFAC, Others)	PPFAC Not Recovered
May 2000	9,818,131	4,448,673	-473,646	3,975,574	5,842,557
Jun. 2000	16,087,848	5,839,276	-621,702	5,217,574	10,870,274
July 2000	20,014,536	6,579,434	-700,506	5,878,928	14,135,608
Aug. 2000	24,464,665	7,251,347	-772,044	6,479,303	17,985,362
Sep. 2000	13,517,529	6,587,034	-701,315	5,885,719	7,631,810
Oct. 2000	6,471,485	5,440,552	-579,247	4,861,275	1,610,210
Nov. 2000	3,488,711	4,599,098	-296,933	4,302,165	-813,454
Dec. 2000*	5,169,217	4,441,425	565,372	5,006,797	162,420
Jan. 2001*	7,042,052	5,278,222	122,571	1,641,259	5,400,793
Feb. 2001	5,803,046	5,055,945	0	5,055,045	748,001
Mar. 2001	5,451,914	4,227,716	0	4,227,716	1,224,198
Apr. 2001	10,043,506	4,470,128	0	4,470,128	5,573,378
May 2001*	23,581,603	4,603,011	-35,996	4,567,015	19,014,588
Totals	150,954,243	68,821,861	-3,493,446	61,568,498	89,385,745

* = Months when various other Refunds and Corrections are included in Recovery costs discussed in footnotes from CWD-4, page 2.

The goals for Data Request MM-3.2 (7) to (21) below are to determine the exact **PPFAC Costs Not Recovered**, by month, and by cost category (APS, WAPA, Valencia turbine). The PPFAC Bank Balance is a separate issue and is **not** included. There are two time frames of interest:

- (1) May 2000 to May 2001, shown in Figure 3.2-1 above, during the "Old" or Current APS-Citizens Agreements and,
- (2) June 2001 to August 2001, shown later in Figure 3.2-2 below, during the "New" or proposed Citizens-PWCC Agreement.

Separation of the monthly APS “disputed and paid under protest” charges NOT Recovered from the Other categories of “non-disputed” charges, such as WAPA and Valencia turbines (see Citizens Response to ACC Staff DR 16.3) cost is the intention of these DRs.

When determining the **Recovered Cost** and **Cost Not Recovered**, different values appeared in the PPFAC Application(s) for the same cost element. The clearest data set, from Dabelstein Testimony, are used as the basis for these calculations. Multiple divergent data should to be explained as requested in MM-3.2 (24) below with a few examples of cost divergences in Citizens data.

- (7) Are all APS Monthly Purchase Power and Fuel Cost charges, included in the second column of Table 3.2-1, “disputed” and “paid under protest” to APS?

CITIZENS RESPONSE/RATIONALE:

- (8) Does the second column of Table 3.2-1 also include all the Other Categories of PPFAC charges such as WAPA and Valencia turbine fuel costs? If any of these are disputed, please so indicate.

CITIZENS RESPONSE/RATIONALE:

- (9) Are all the “other” monthly PPFAC charges (excluding any proposed loan interest) in the second column of Table 3.2-1?

CITIZENS RESPONSE/RATIONALE:

- (10) The Table in Exhibit CWD-4 shows months prior to May 2000, namely the additional months (May 1999 to April 2000). Are these additional months in this Exhibit for illustrative purposes only, since those months are not included in the Application(s) for additional PPFAC recovery? If there are additional PPFAC be recovered for these months, then please explain why they should be included in the Application(s)?

CITIZENS RESPONSE/RATIONALE:

- (11) The Table in Exhibit CWD-4, the PPFAC Bank Balance of \$(2,202,829) for May 2000. Using the PPFAC Bank Balance for May 2000 as the initial basis, then are the Total PPFAC Not Recovered costs under the Old Contract, the below for Total PPFAC Not Recovered Cost, as of 1 June 2001)?

\$89,385,745 (Total Incurred between May 2000 and June 2001)

-\$2,202,829 (PPFAC Balance on 1 May 2000)

\$87,182,916 (Total PPFAC Not Recovered Costs as of 1 June 2001)

CITIZENS RESPONSE/RATIONALE:

The Total Power Supply costs used is \$51.94 per MW-hr (converted from \$0.05194/kWh in Revised Application, page 8, lines 11-12). This includes a WAPA transmission charge of \$ 3.92 per MW-hr (converted from \$0.00392/kWh in Revised Application, page 8, lines 10-11). The present generation cost of current (Old Contract) service is \$48.02/MW-hr (from Revised Application, page 8 line 1). Based on the ratio, (generation rate) divided by (total), we see that generation costs, under the Old Contract are as follows:

$\text{Generation Percent} = (\text{Generation Costs}) \div (\text{Total Costs}) = (48.02) \div (51.94) = 92.452830\%$
--

Using this ratio, the Total Generation Costs portion in the Application(s), attributed to Generation only, equals percent of Total PPFAC Not Recovered Generation Cost (from above) = $(0.92452830) \times (87,182,916) = \$80,603,073$ (until 1 June 2001).

- (12) Does $\$87,182,916 - \$80,603,073 = \$6,579,843$ represent the basic (without interest) WAPA "wheeling" transmission Cost Not Recovered (as of 1 June 2001)? If any of these WAPA costs are disputed, please so indicate and describe resolution.

CITIZENS RESPONSE/RATIONALE:

- (13) Does $\$80,603,073$ represent the basic (without interest) Generation Cost Not Recovered (as of 1 June 2001)?

CITIZENS RESPONSE/RATIONALE:

- (14) Using Citizens Response (15 Oct. 2002) to ACC Staff Data Request Number Sixteen, Data Response 16.03, would you take the above Total Generation Cost Not Recovered and provide the following:

- a. Total Citizens PPFAC Request for Recovery under these Application(s) (please show calculations). If any of these costs are disputed, please discuss:

CITIZENS RESPONSE/RATIONALE:

\$ _____ This is what Citizens request to be recovered for PPFAC for use of Valencia Turbines (without interest) for May 2000 to June 2001 (under the Old Contract).

- b. Total APS PPFAC Request for Recovery under these Application(s) (please show calculations):

CITIZENS RESPONSE/RATIONALE:

\$ _____ This is what Citizens requests to be recovered for PPFAC to compensate APS (without interest) for May 2000 to June 2001 (Old Contract).

- (15) Were all the above APS PPFAC Request for Recovery costs "disputed" and "paid under protest"?

CITIZENS RESPONSE/RATIONALE:

- a. If yes, then provide this total. \$ _____ (Total PPFAC for May 2000 to June 2001 APS Generation Costs, without interest).
- b. If not, then please show how this total was derived.

The Revised Application states the New APS Contract was effective on 1 June 2001 (Exhibit 2, Original Sheet 16, Article 9, paragraph 9.1 of Pinnacle West Capital Corporation (PWCC) "Market Based Tariff" issued on 16 July 2001. This Agreement further states (same page):

"9.3 Previous Obligation. For the period of June 1, 2001 through July 15, 2001, Seller [PWCC] will assume the financial obligations of the Buyer [Citizens] that occurred under the existing Power Service Agreement, dated January 5, 1995, between APS and Buyer and related Service Schedules. Buyer will instruct APS to send invoices for subject period to Seller."

(16) How did Citizens accomplish this "previous" obligation?

CITIZENS RESPONSE/RATIONALE:

(17) Has PWCC (APS) refunded any of the "**disputed**" payments? If so, please discuss, and then re-compute the values in (7) to (16) above.

CITIZENS RESPONSE/RATIONALE:

(18) In Dabelstein Testimony, Exhibit CWD-4, the months for June through August are shown as indicated in Table 3.2-2 below. Why was the Base Rate Recovery value of \$0.05194 used when the Revised Application indicated \$58.79 MW-hr (converted 5.879 center per kWh in Revised Application, page 7, line 13)? This maybe how the above "previous obligation" was exercised. If the "new"

Table 3.2-2 PPFAC Not Recovered for Period June to August 2001 (Exhibit CWD-4)

Month	Purchase Power and Fuel Costs	Base Rate Recoveries @ \$0.05194 Total Monthly Recovery	PPFAC Not Recovered
June 2001	9,343,796	6,250,568	3,093,228
July 2001	9,883,904	6,612,284	3,271,620
Aug. 2001	10,003,933	6,604,504	3,399,429
Totals	29,231,633	19,467,356	9,764,277

CITIZENS RESPONSE/RATIONALE:

(19) Since PPFAC includes Generation and Transmission Costs, should the New Contract PPFAC adjustment of \$65.583 per MW-hr (from Revised Application, page 7 line 20) is used in CWD-4 I column three?

CITIZENS RESPONSE/RATIONALE:

(20) What has Citizens specifically accomplished to reduce the "energy loss rates experienced since the test year of its last rate case" where the losses were 10.69%? (Revised Application, page 7 line 17) If this has not been reduced, please explain the rationale for not reducing this 10.69% loss, which equates to an increased rate for the consumer.

CITIZENS RESPONSE/RATIONALE:

- (21) What incentives would Citizens propose to the ACC to reduce energy losses? In particular, please describe these incentives would specifically lower this 10.69% energy loss and discuss the specifics of such a reduction of energy loss in terms of categories pertaining to this total loss (leakage, transmission loss, "stolen" electricity, meter loss, weather, grounding loss, buying from local distributed generation sources with less transmission loss, adding renewable sources in the service area, etc.)

CITIZENS RESPONSE/RATIONALE:

- (22) Local generation sources have significantly less transmission loss. Distributed Generation (DG) is an application presently required by PURPA for Qualified Facilities (QF). What measures has Citizens taken to increase the capacity of local QFs in its territory with resultant less power requirements from APS? Renewable sources, such as solar, wind, geothermal, and biomass generation are available for QFs. Please show or provide the information in the empty cells in the below table:

Size of Qualified Facility	Number of QFs by Renewable Source Type				
	Solar	Wind	Biomass	Other Renewable	Others non-Renewable
Less than 5 kW-hr systems					
5 to 100 kW-hr systems					
100 to 500 kW-hr systems					
> 500 kW-hr systems					

CITIZENS RESPONSE/RATIONALE:

- (23) How much electrical power is generated by QFs in Citizens service areas? Discuss how QFs can reduce PPFAC costs for Citizens and its customers by increasing the total QF generation capabilities. Citizens probably uses "net metering" for smaller QFs in its service area, say less than 100 kW-hr, but if another scheme is used, please describe. Discuss how larger QFs are managed, if at all, by Citizens, and the overall resultant savings in Citizens PPFAC costs, especially solar during peak hours.

CITIZENS RESPONSE/RATIONALE:

- (24) Why are there different data in Exhibit CDW-4, when compared to those in the Application, the Revised Application or Exhibits 3 for the same entry? Please explain these few simple examples and locate other, more complex and erroneous values. If necessary, provide one set which supersedes all others, including ensuring that all revised data in testimony track and agrees with data in the Application(s). Do not include monthly accumulating interest, since that is a different issue, which may not be approved during these PPFAC hearings.

a. August 2000 Power Supply Cost:

Application	Amended Application	Forecast/Sales Data (Jan 3, 2002)	Forecast/Sales Data (Aug. 2002)	Dabelstein Exhibit CWD-4
21,566,000	24,464,666	Not provided	Not provided	Not provided

CITIZENS RESPONSE/RATIONALE:b. September 1001, Beginning PPFAC Bank Balance:

Application	Amended Application	Forecast/Sales Data (Jan 3. 2002)	Forecast/Sales Data (Aug. 2002)	Dabelstein Exhibit CWD-4
\$37,752,379	\$91,915,818	\$94,441,311	\$94,441,311	\$94,441,340

CITIZENS RESPONSE/RATIONALE:c. September 2001 Sale (kWh):

Application	Amended Application	Forecast/Sales Data (Jan 3. 2002)	Forecast/Sales Data (Aug. 2002)	Dabelstein Exhibit CWD-4
112,200,000	126,332,039	146,993,424	146,993,424	126,332,039

CITIZENS RESPONSE/RATIONALE:d. September 2001 Net Cost Recovery:

Application	Amended Application	Forecast/Sales Data (Jan 3. 2002)	Forecast/Sales Data (Aug. 2002)	Dabelstein Exhibit CWD-4
\$1,839,985	\$1,648, 218	\$884,878	\$884,878	\$1,163,347

CITIZENS RESPONSE/RATIONALE:e. September 2001 Ending PPFAC Bank Balance:

Application	Amended Application	Forecast/Sales Data (Jan 3. 2002)	Forecast/Sales Data (Aug. 2002)	Dabelstein Exhibit CWD-4
\$59,995,932	\$93,079,166	\$95,326,189	\$95,326,189	\$95,604,688

CITIZENS RESPONSE/RATIONALE:

Citizens Response to MM-2.2 (6) contains Annual Reports, annual SEC Form 10-K, and SEC Form 10-Q for second quarter of 2002. There are statements in these documents that imply certain actions will result from these Hearings. They are quoted below. Each document short title is indicated in the left column, the location of all references quoted from that document in the second column, and the quote in the third column. No changes were intentionally made to the quotes, and for excerpts. There are many aggregated data tables in these reports. From these tables, only "electric utility" data are used, as the other data pertains to other Citizens entities that are not involved with these hearings.

Most of these reports repeat the same information in more than one location in each report. These are shown by "During the past year...[same as page 11]..." notations. Underlining marking and bold fonts were inserted for use by questions below.

Document	Location	Quote																											
Citizens 2000 Annual Report (c.a. February 2001)	Page 26	<p>[Table excerpt]</p> <table><tr><th colspan="6">Cost of Services</th></tr><tr><th colspan="2">2000</th><th colspan="2">1999</th><th>1998</th></tr><tr><th colspan="2">(\$ in thousands)</th><th>Amount</th><th>% Change</th><th>Amount</th><th>% Chang</th><th>Amount</th></tr><tr><td colspan="2">Electric energy and fuel oil purchased</td><td>\$113,965</td><td>16%</td><td>\$98,533</td><td>12%</td><td>\$87,930</td></tr></table> <p>...</p> <p>Electric energy and fuel oil purchased increased \$15.4 million, or 16%, in 2000 primarily due to higher supplier prices and increased consumption. Electric energy and fuel oil purchased increased \$10.6 million, or 12%, in 1999 primarily due to increased consumption and customer growth. <u>Under tariff provisions, increases in our costs of electric energy and fuel oil purchased are largely passed on to customers.</u> Gas, electric energy and fuel oil purchased excludes amounts deferred for future recovery in rates.</p>	Cost of Services						2000		1999		1998	(\$ in thousands)		Amount	% Change	Amount	% Chang	Amount	Electric energy and fuel oil purchased		\$113,965	16%	\$98,533	12%	\$87,930		
		Cost of Services																											
2000		1999		1998																									
(\$ in thousands)		Amount	% Change	Amount	% Chang	Amount																							
Electric energy and fuel oil purchased		\$113,965	16%	\$98,533	12%	\$87,930																							
Quarterly SEC 10-Q for Quarter ending 31 March 2001	Page 19	<p>[Table excerpt]</p> <table><tr><th colspan="4">Cost of Services</th></tr><tr><th colspan="4">(\$ in thousands)</th></tr><tr><th colspan="4">For the three months ended March 31</th></tr><tr><th colspan="2"></th><th>2001</th><th>2000</th><th>% Change</th></tr><tr><td colspan="2">Electric energy and fuel oil purchased</td><td>\$29,686</td><td>\$24,173</td><td>23 %</td></tr></table> <p>...</p> <p>Electric energy and fuel oil purchased for the three months ended March 31, 2001, increased \$5.5 million, or 23%, as compared with the prior year period primarily due to higher purchase power prices. For [There was no mention of these PPFAC proceedings in this report.]</p>	Cost of Services				(\$ in thousands)				For the three months ended March 31						2001	2000	% Change	Electric energy and fuel oil purchased		\$29,686	\$24,173	23 %					
Cost of Services																													
(\$ in thousands)																													
For the three months ended March 31																													
		2001	2000	% Change																									
Electric energy and fuel oil purchased		\$29,686	\$24,173	23 %																									
SEC Form 10-K dated 8 March 2001 (inserted and bound in the Citizens 2000 Annual Report)	Pages 11, 21, 26 and 30	<p>During the past year the decrease in the availability of power has caused power supply costs to increase substantially, forcing companies to pay higher operating costs to operate their electric businesses. As a result, <u>companies have attempted to offset these increased costs by either renegotiating prices with their power suppliers or passing these additional costs on to their customers through a rate proceeding.</u> In Arizona, <u>we are currently disputing excessive power costs charged by our power supplier in the amount of approximately \$57 million through December 31, 2000. We are allowed to recover these charges from ratepayers through the Purchased Power Fuel Adjustment clause.</u> In an attempt to limit "rate shock" to our customers, we have deferred these costs on the balance sheet in anticipation of <u>recovering certain amounts either through renegotiations or through the regulatory process.</u></p> <p>... [Page 21]</p> <p>During the past year ... [same as page 11] ... or through the regulatory process.</p> <p>.... [Page 26]</p> <p>During the past year ... [same as page 11] ... or through the regulatory process.</p> <p>[Table excerpt]</p> <table><tr><th colspan="6">Cost of Services</th></tr><tr><th colspan="2"></th><th colspan="2">2000</th><th colspan="2">1999</th><th>1998</th></tr><tr><th colspan="2"></th><th>Amount</th><th>% Change</th><th>Amount</th><th>% Chang</th><th>Amount</th></tr><tr><td colspan="2">Electric energy and fuel oil purchased</td><td>\$113,965</td><td>16%</td><td>\$98,533</td><td>12%</td><td>\$87,930</td></tr></table> <p>...</p> <p>Electric energy and fuel oil purchased increased \$15.4 million or 16% primarily due to higher supplier prices and increased consumption. Electric energy and fuel oil purchased increased \$10.6 million, or 12%, in 1999 primarily due to increased consumption and consumer growth. <u>Under tariff provisions, increases in our costs of electric energy and fuel oil purchased are largely passed on to customers.</u> Gas, electric energy and fuel purchased <u>excludes amounts deferred for future recovery in rates.</u></p> <p>.... [Page 30]</p> <p>During the past year ... [same as page 11] ... or through the regulatory process.</p>	Cost of Services								2000		1999		1998			Amount	% Change	Amount	% Chang	Amount	Electric energy and fuel oil purchased		\$113,965	16%	\$98,533	12%	\$87,930
Cost of Services																													
		2000		1999		1998																							
		Amount	% Change	Amount	% Chang	Amount																							
Electric energy and fuel oil purchased		\$113,965	16%	\$98,533	12%	\$87,930																							

Document	Location	Quote																										
Citizens SEC Form 10-Q for Qtr ending 30 June 2001	Page 25	<p>[Table excerpt]</p> <table><tr><th rowspan="3">(\$ in thousands)</th><th colspan="3">Cost of Services</th><th colspan="3">For the six months ending June 30</th></tr><tr><th colspan="3">For the three months ending June 30</th><th colspan="3"></th></tr><tr><th>2001</th><th>2000</th><th>% Chang</th><th>2001</th><th>2000</th><th>% Change</th></tr><tr><td>Electric energy and fuel oil purchased</td><td>\$29,969</td><td>\$27,801</td><td>8%</td><td>\$59,655</td><td>\$51,974</td><td>15%</td></tr></table> <p>...</p> <p>Electric energy and fuel oil purchased for the three and six months ended June 30, 2001 increased \$2.2 million, or 8%, and \$7.7 million, or 15% respectively, as compared with the prior year periods, primarily due to higher purchased power prices.</p> <p>During the past two years the decrease in the availability of power in certain areas of the country has caused power supply costs to increase substantially, forcing companies to pay higher operating costs to operate their electric businesses. As a result, companies have <u>attempted to offset these increased costs by either renegotiating prices with their power suppliers or passing these additional costs on to their customers through a rate proceeding</u>. In Arizona, excessive power costs charged by our power supplier in the amount of approximately \$88 million through June 30, 2001, has been incurred. <u>We are allowed to recover these charges from ratepayers through the Purchase Power Fuel Adjustment clause</u>. In an attempt to limit "rate shock" to our customers, we will request that this deferred amount, plus interest, be recovered over a extended time period. As a result, we have deferred these costs on the balance sheet in <u>anticipation of recovering through the regulatory process</u>.</p> <p>On July 16, 2001, Citizens terminated its existing contract with Arizona Public Service and entered into a new seven year purchase power agreement. This agreement allows us to purchase all power required for operations at a fixed rate per kilowatt hour. This agreement is retroactive to June 1, 2001 and will minimize any further increase in the <u>deferred power cost account</u>.</p>	(\$ in thousands)	Cost of Services			For the six months ending June 30			For the three months ending June 30						2001	2000	% Chang	2001	2000	% Change	Electric energy and fuel oil purchased	\$29,969	\$27,801	8%	\$59,655	\$51,974	15%
		(\$ in thousands)		Cost of Services			For the six months ending June 30																					
				For the three months ending June 30																								
			2001	2000	% Chang	2001	2000	% Change																				
Electric energy and fuel oil purchased	\$29,969	\$27,801	8%	\$59,655	\$51,974	15%																						
Citizens SEC Form 10-Q for Qtr ending 30 September 2001	Pages 20 and 31	<p>During the past two years the decrease in the availability of power in certain areas of the country has caused power supply costs to increase substantially, forcing companies to pay higher operating costs to operate their electric businesses. As a result, companies have attempted to offset these increased costs by <u>either renegotiating prices with their power suppliers or passing these additional costs on to their customers through a rate proceeding</u>. In Arizona, excessive power costs charged by our power supplier in the amount of approximately \$98 million through September 30, 2001, have been incurred. <u>We are allowed to recover these charges from ratepayers through the Purchase Power Fuel Adjustment clause</u>. In an attempt to limit "rate shock" to our customers, we will request in September 2001 that this deferred amount, plus interest, be recovered over a seven-year period. As a result, we have deferred these costs on the balance sheet <u>in anticipation of recovering through the regulatory process</u>.</p> <p>On July 16, 2001, Citizens terminated our existing contract with Arizona Public Service and entered into a new seven-year purchase power agreement. This agreement allows us to purchase all power required for operations at a fixed rate per kilowatt hour. This agreement is retroactive to June 1, 2001 and will <u>mitigate</u> further increases in the deferred power cost account.</p> <p>...[Page 31] [Table excerpt]</p> <table><tr><th rowspan="3">(\$ in thousands)</th><th colspan="3">Cost of Services</th><th colspan="3">For the six months ending September 30</th></tr><tr><th colspan="3">For the three months ending September 30</th><th colspan="3"></th></tr><tr><th>2001</th><th>2000</th><th>% Chang</th><th>2001</th><th>2000</th><th>% Change</th></tr><tr><td>Electric energy and fuel oil purchased</td><td>\$36,149</td><td>\$32,540</td><td>11%</td><td>\$95,804</td><td>\$84,514</td><td>13%</td></tr></table> <p>...</p> <p>During the past two years ... [same as page 20] ... recovering through the regulatory process.</p> <p>On July 16, 2001, Citizens terminated ...[same as page 20]...will <u>mitigate</u> further increases in the deferred power cost account.</p>	(\$ in thousands)	Cost of Services			For the six months ending September 30			For the three months ending September 30						2001	2000	% Chang	2001	2000	% Change	Electric energy and fuel oil purchased	\$36,149	\$32,540	11%	\$95,804	\$84,514	13%
		(\$ in thousands)		Cost of Services			For the six months ending September 30																					
				For the three months ending September 30																								
			2001	2000	% Chang	2001	2000	% Change																				
Electric energy and fuel oil purchased	\$36,149	\$32,540	11%	\$95,804	\$84,514	13%																						

Document	Location	Quote
SEC Form 10-K dated 6 March 2002 (inserted and bound in the Citizens Communications2001 Annual Report)	Page 31	[Table excerpt]

Document	Location	Quote																																			
Citizens SEC Form 10-Q for Qtr ending 31 March 2002	Pages 17, 23, and 24	<p>(16) <u>Commitments and Contingencies</u>: On December 21, 2001, we entered into a settlement agreement resolving all claims in a class action lawsuit pending against the company in Santa Cruz County, Arizona (<i>Chilcote, et al v. Citizens Utilities Company</i>, No. CV 98-471). The lawsuit arose from claims by a class of <u>plaintiffs that includes all of our electric customers in Santa Cruz County</u> for damages resulting from several power outages that occurred during the period January 1, 1997, through January 31, 1999. Under the terms of the settlement agreement, and without any admission of guilt or wrongdoing by us, we will pay the class members \$5.5 million in satisfaction of all claims. The court approved the settlement agreement on March 29, 2002, and the lawsuit against us was dismissed with prejudice. We have accrued the full settlement amount, plus an additional amount sufficient to cover legal fees and other related expenses, during the fourth quarter of 2001. ...[Page 23] [Table excerpt]</p> <table><tr><th colspan="4">Cost of Services</th></tr><tr><th>(\$ in thousands)</th><th colspan="3">For the three months ending March 31</th></tr><tr><th></th><th>2002</th><th>2001</th><th>% Change</th></tr><tr><td>Electric energy and fuel oil purchased</td><td>\$26,680</td><td>\$29,686</td><td>-10%</td></tr></table> <p>... [Page 24] Electric energy and fuel oil purchased for the three months ended March 31, 2002 decreased \$3.0 million, or 10%, as compared with the prior year period primarily due to lower purchase power prices and decreased consumption. <u>Under tariff provisions, the cost of electric energy and fuel oil purchases are primarily passed on to customers.</u></p> <p>During the past two years, power supply costs have fluctuated substantially, forcing companies in some cases to pay higher operating costs to operate their electric businesses. In Arizona, excessive power costs charged by our power supplier in the amount of approximately \$105 million through March 31, 2002 have been incurred. <u>We are allowed to recover these charges from ratepayers through the Purchase Power Fuel Adjustment clause.</u> However, in an attempt to limit "rate shock" to our customers, we requested in September 2001 that this deferred amount, plus interest, be recovered over a seven-year period. As a result, we have deferred these costs on the balance sheet in <u>anticipation of recovering through the regulatory process.</u></p>	Cost of Services				(\$ in thousands)	For the three months ending March 31				2002	2001	% Change	Electric energy and fuel oil purchased	\$26,680	\$29,686	-10%																			
		Cost of Services																																			
(\$ in thousands)	For the three months ending March 31																																				
	2002	2001	% Change																																		
Electric energy and fuel oil purchased	\$26,680	\$29,686	-10%																																		
Citizens SEC Form 10-Q for Qtr ending 30 June 2002	Pages 26 and 27	<p>[Table excerpt]</p> <table><tr><th colspan="8">Cost of Services</th></tr><tr><th>(\$ in thousands)</th><th colspan="4">For the three months ending June 30</th><th colspan="4">For the six months ending June 30</th></tr><tr><th></th><th>2002</th><th>2001</th><th>\$ Change</th><th>% Chang</th><th>2002</th><th>2001</th><th>\$ Change</th><th>% Change</th></tr><tr><td>Electric energy and fuel oil purchased</td><td>\$28,987</td><td>\$29,969</td><td>\$ (982)</td><td>-3%</td><td>\$55,667</td><td>\$59,655</td><td>\$ (3,988)</td><td>-7%</td></tr></table> <p>... Electric energy and fuel oil purchased for the three and six months ended June 30, 2002 decreased as compared with the prior year periods primarily due to lower purchase power prices. <u>Under tariff provisions, the cost of our electric energy and fuel oil purchases are primarily passed on to customers.</u></p> <p>During the past two years, power supply costs have fluctuated substantially, forcing companies in some cases to pay higher operating costs to operate their electric businesses. In Arizona, excessive power costs charged by our power supplier in the amount of approximately \$111.3 million through June 30, 2002 have been incurred. <u>We believe that we are allowed to recover these charges from ratepayers through the Purchase Power Fuel Adjustment clause, that was approved by the Arizona Corporation Commission and has been in place for several years.</u> However, in an attempt to limit "rate shock" to our customers, we requested in September 2001 that our <u>unrecovered power costs, plus interest</u>, be recovered over a seven-year period. As a result, we have deferred these costs on the balance sheet in <u>anticipation of recovering through the regulatory process.</u> Parts of our proposal have been contested by one or more parties to a pending Arizona Commission proceeding convened to consider the matter. A determination regarding recovery could be made in 2002 but the timing is not certain.</p>	Cost of Services								(\$ in thousands)	For the three months ending June 30				For the six months ending June 30					2002	2001	\$ Change	% Chang	2002	2001	\$ Change	% Change	Electric energy and fuel oil purchased	\$28,987	\$29,969	\$ (982)	-3%	\$55,667	\$59,655	\$ (3,988)	-7%
Cost of Services																																					
(\$ in thousands)	For the three months ending June 30				For the six months ending June 30																																
	2002	2001	\$ Change	% Chang	2002	2001	\$ Change	% Change																													
Electric energy and fuel oil purchased	\$28,987	\$29,969	\$ (982)	-3%	\$55,667	\$59,655	\$ (3,988)	-7%																													

- (25) The first quoted document above, *Citizens 2000 Annual Report*, contains a summary of purchased electricity, in the table shown. A 16% increase in purchase electricity energy costs is shown for the year 2000. The comments on the same page indicate that electric energy purchased excludes amounts deferred for future recovery in rates. Then, does the amount of \$113.965 million include any of the "disputed" or "paid in protest" costs charged by APS during May through December of 2000? If so, please itemize the specific "Recovered costs" and/or "Costs Not Recovered" based on actual APS charges included in this amount.

CITIZENS RESPONSE/RATIONALE:

- (26) This report, in first sentence quoted above, indicated that the increased electric energy costs were primarily due to "higher supplier prices and increased consumption" How much the "increased consumption" versus "higher supplier prices" was a factor related to the 16% increased electric energy costs by the Arizona Electric Division during the year of 2000?

CITIZENS RESPONSE/RATIONALE:

- (27) The underlined sentence in this excerpt from the *Citizens 2000 Annual Report* indicates "under tariff provisions." Please define the originator of this "tariff" such as the ACC or FERC, and provide an excerpt that authorizes the "pass through" provision. If this is a FERC tariff, then please explain why the ACC is involved with determining the "passed on to customer" requirement. If this is the Purchased Power and Fuel Adjustment Clause, then provide an excerpt that pertained to the provisions under the "old" agreement that was in place during 2000.

CITIZENS RESPONSE/RATIONALE:

- (28) The underline sentence in this excerpt from the *Citizens 2000 Annual Report* indicates, "Increases in our costs of electric energy and fuel oil purchased are largely passed on to customers." This statement implies that in February of 2001, Citizens obviously understood that not all of these costs were passed on to the customer. Please identify and discuss which costs are not to be passed on the customers? For those expected costs passed on to the consumer, please provide the legal or statutory description, which defines such "passed on" costs.

CITIZENS RESPONSE/RATIONALE:

- (29) Is there published criteria used to determinate the costs that are/are not permitted and allowable to be passed on to customers? If so, please provide.

CITIZENS RESPONSE/RATIONALE:

- (30) In the second document, *Citizens Quarterly SEC 10-Q*, for quarter ending March 31, 2001, there was no discussion of these PPFAC proceedings or that there were problems existing in electric energy and fuel oil purchased accounts. What was the reason for this omission, over six months after initial filing of the PPFAC Application with the ACC?

CITIZENS RESPONSE/RATIONALE:

- (31) The third document, the Annual SEC Form 10-K, contained in the Citizens *2000 Annual Report*, states, in the first sentence, that "the decrease in the availability of power has caused power supply costs to increase substantially. Please provide documentation that specifically indicates that Mohave and Santa Cruz Counties were having "power availability" shortages during the period covered by this SEC Form 10-K.

CITIZENS RESPONSE/RATIONALE:

- (32) This same SEC Form 10-K also indicated that "renegotiating prices" with the power supplier was one way to reduce these increased purchased power costs. From the record, it appears that strategy was not followed. A series of "negotiations concerning the pricing formula" had commenced prior to and during all of the year 2000, including before the period of recovery requested by the Application(s). Where specific negotiations aimed at reducing "prices" every attempted or tried by Citizens after the APS "excessive power costs" were received by Citizens? Please exclude all pricing formula discussions concerning Schedules A, B, and C.

CITIZENS RESPONSE/RATIONALE:

- (33) This SEC Form 10-K, indicates, in bold, that "we are currently disputing **excessive** power costs charged by our power supplier." This is a very public statement indicating that Citizens declared these power costs to be excessive. It was repeated three more times in this same report. What does Citizens mean when it states "excessive" in this report?

CITIZENS RESPONSE/RATIONALE:

- (34) This same SEC Form 10-K, signed on 8 March 2001, also states these charges were currently disputed. What does Citizens mean when it states, "disputed charges," in this report?

CITIZENS RESPONSE/RATIONALE:

- (35) The next sentence states, "we [Citizens] are allowed to recover **these** charges [from prior sentence, "disputed excessive power costs charged"] from ratepayers..." What statute or legal reference permits these, meaning, "**these**" charges, can be recovered from ratepayers? Please provide a current copy of this entire statute or legal reference that permits recovery of excessive or disputed charges from ratepayers and discuss its applicability in your response.

CITIZENS RESPONSE/RATIONALE:

- (36) The fourth document, Citizens SEC Form 10-Q for quarter ending 30 June 2001, indicates that electric energy purchased services cost 8 % more for the April to June 2001 time period when compared to the year earlier and 15% more for the January to June 2001 time period when compared to the year earlier. The cause of this increase indicated was higher purchased power process. Does this table include Recovered Cost, Costs Not Recovered, or the sum of Recovered Cost and Costs Not Recovered for the AED? If so, please provide which are Recovered Costs,

Costs Not Recovered and Other Citizens Electric Energy and Fuel Oil Costs during both the three-month and six-month periods for both 2000 and 2001.

CITIZENS RESPONSE/RATIONALE:

- (37) In the last sentence of the above, SEC Form 10-Q stated the new APS agreement will "minimize any further increase in the deferred power cost account." What are any additional costs, above zero, that will be included in the deferred power cost account, after this agreement is executed?
Dabelstein Testimony, page 5 discussed different terminology. Please reconcile these terms.

CITIZENS RESPONSE/RATIONALE:

- (38) Every SEC Form 10 report above, except for the first, included the word **excessive** when describing the APS disputed charges originating under the Old APS-Citizens Agreement. Please explain the rationale and logic that Citizens used to determine why the ratepayers, e.g., Citizens customers, are liable for any unresolved, excessive, disputed charges originating prior to the New Agreement? Please include in this discussion the rationale why recovery from APS is not the initial consideration for such charges that have been clearly declared as unresolved, excessive, and/or disputed.

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

Data Request MM-3.6 (9) to (10)

**Valencia Turbines
(021019-Mod 2)**

3.6 The Citizens Response to MM-2.6 (5) to (8) has enhanced understanding how valuable the Valencia turbines are for Santa Cruz County. A review of the Amended Application, Exhibit 2, PWCC "Market-Based Rate Tariff," states on Original Sheets 6 and 7:

"1.9 Valencia Turbines. Seller [PWCC] shall have full authority, control, and responsibility for determining the times and seasons for the operation of the Buyer's [Citizens] Valencia Turbines located near Nogales, Arizona ("Turbines"). Seller shall determine when and if it is necessary or advantageous to start up and/or utilize the Turbines and the corresponding duration of the operation of the Turbines. In addition, to the other charges specified in this Agreement including the attached Service Schedule 1, Buyer shall also be responsible for the cost of fuel consumed associated with Valencia Turbines operations.

"If Seller requests operation of the Valencia Turbines during storm conditions, which could potentially jeopardize reliability in the Nogales region, Buyer will provide switching such that units can be operated, but at a reduced level (i.e. 30 – 35 MW) maximum.

"Seller shall dispatch Buyer's Valencia Turbines on an economic basis taking into account the cost of Seller's other resources and the cost of fuel and other operating costs for the Valencia Turbines. Notwithstanding, it is understood that Buyer may require operation of the Valencia Turbines for area reliability reasons even if operation may not be economically advantageous."

- (9) Citizens response to MM-2.6 (5) indicates many times these turbines have been required to operate above 35 MW (maximum from above quote). The Estimated Metering Point Demands, by Month in MW, from Sheet 33 of the PWCC "Market-Based Rate Tariff" shows a range of values between 38.001 MW (November 2001) to 50.399 MW (June 2001) for the first operating year of this agreement. The estimated load requirement at Valencia Turbines is approximately 10.69% less than at the Nogales Tap, using the old contracts value for transmission and distribution energy loss. Why did Citizens agreed to a 35 MW maximum capability for a system that is essential for reliable electricity in Santa Cruz County?

CITIZENS RESPONSE/RATIONALE:

- (10) Please explain, under the limitations indicated in 1.9 above, how the term "market-based" can be applied to this tariff when applied to the Valencia Turbines?

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

Data Request MM-3.7 (6) to (8)

**Number of Customers
(021020-Mod 2)**

- 17 3.7 Understanding forecasts used by Citizens is important to understand the basis past and present conditions impact operations and expected fuel costs. The Direct Testimony by Sean Breen, page 8, indicates that R.W. Beck, Inc. provides Citizens its long-term forecasts, including growth factors and assumptions underlying these forecasts.
- (6) Please provide a copy of the R.W. Beck, Inc., forecasts which provide the following data (other information can be redacted and not provided):
- Total number of Customers, by class (Residential, etc.) in Mohave County, for 1999, 2000, 2001, and forecast annually through 2008 (end of proposed New Agreement)
 - Total Number of Customers, by class (Residential, etc.) in Santa Cruz County, for 1999, 2000, 2001, and forecast annually through 2008 (end of proposed New Agreement)
 - Base load forecast (in MW-hr), annually, for customers classes in a. and b. above, by County.
 - Peak load forecast, monthly peak load (in MW-hr), by County annual forecasts, by County and discuss any expected peak load changes until 2008 (e.g., X number of new produce plants anticipated in Nogales with X MW loads per plant, etc.).
 - Time of Day load curves, by season, by Customer class, by County, and discusses any expected Time of Day changes until 2008.
 - Estimates of APS capacity to meet the base loads, in c., and peak loads, in d, based on APS native capabilities and forecasts for APS.
 - In other words, what and when is APS deficient to meet the above forecasts, based on APS forecast capabilities, and when APS is not capable of meeting Citizens load requirements?
 - What is Citizens Action Plan to resolve g above?

CITIZENS RESPONSE/RATIONALE:

- (7) Streetlight Customers. Dabelstein Testimony, in Exhibit CWD-1 (page 3 or 4), shows 28 streetlights during August 2001. Citizens Response to MM-2.7 (4) indicates that there were 228 street light customers that month and 2,638 during September 2001. The 28 versus 228 maybe a typo.

CITIZENS RESPONSE/RATIONALE:

- (8) Response MM-2.7 (4) indicates a change in customer classifications in Sept. 2001 includes Public Authority and Dusk-to-Dawn Customers. Are there rate variations between each customer class (Residential, Commercial, Industrial, Irrigation, Municipal, Streetlights (Public Authority and Dawn-to-Dusk). Please provide the following so that impacts of any possible PPFAC changes could be determined with respect to customer class. Please provide inputs to below table, so that potential PPFAC increases, per rate class, can be assessed.

Customer Class	Base Load Electric Rate (\$/kWh)	Average Customer Load (kWh)	Present Average Customer Rates (\$/month)	Is PPFAC applicable to this Class? (Yes/No)	Average of Requested PPFAC for Unresolved Charges (Exhibit 3, for January 2003)
Residential					
Commercial					
Industrial					
Irrigation					
Municipal					
Street Lights					
Total = (No. of customers in Class) X ()					

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

Data Request MM-3.16A (1) to (4) and MM.16B (62) to (119)

**Effective Confidentiality Agreement and Disclosure
(021020-Mod 1)**

3.16A Current APS-Citizens Confidentiality Agreement.

Citizens Response to MM-2.16A provided a copy of the present "Confidentiality Agreement" between APS and Citizens that is a letter, Re: "Confidentiality Agreement" from APS dated June 1, 1999. This letter contains an opening paragraph and six numbered paragraphs. The following quotes from this letter define the "scope" of Confidential Information:

Quote:

APS Contract No. 57876

APS [logo]
THE POWER TO MAKE IT HAPPEN
Arizona Public Service Company
400 North Fifth Street
P.O. Box 53999
Phoenix, Arizona 85072-3999
June 1, 1999

Mr. Dan McCarthy, Vice President
Citizens Utilities Company
1300 S. Yale St.
Flagstaff, AC 86001

Re: Confidentiality Agreement

Gentlemen:

This letter agreement (the "Agreement") will confirm our agreement concerning confidentiality in connection with certain Confidential Information, as hereinafter defined, to be disclosed by Arizona Public Service Company ("APS") to Citizens Utilities Company ("Citizens"). The Confidential Information is being disclosed for the purpose of affording Citizens the opportunity to review

- i) APS's power plant operating data and O&M charges in connection with certain services provided by APS to Citizens, and
- ii) APS's billing methodology and supporting pricing information (the "Transactions")."

1. Citizens' Obligations Regarding Confidential Information. ...[Information handling process]..."

2. "Confidential Information" Defined.

- a. For purposes of this Confidentiality Agreement, "Confidential Information" shall be broadly construed to include, but not be limited to, all forms of information disclosed by APS to you in connection with the Transaction. For illustrative purposes only, it may include correspondence, contract proposals and contract drafts; written notes; internal notes and diary entries, memoranda, correspondence, facsimile transmissions, computer files and programs, e-mail messages and files, studies, analyses and evaluations, or any other type-written, printed or computer-based records, or copies thereof in whatever medium; as well as all information contained in or knowledge gained from any such documents or records or communicated through oral communications between, on behalf of, or among the parties.
- b. "Confidential Information" does not include the following:
 - (1) matters of public knowledge; or
 - (2) information lawfully in the Citizens' possession at the time this Confidentiality Agreement is entered into; or
 - (3) information independently developed from other sources available to Citizens which are not then subject to an obligation to APS to preserve the confidentiality of such information."

3. APS' Remedies For Citizens' Breach.

You agree that an exclusive remedy of money damages would not be a sufficient remedy for any breach of this Confidentiality Agreement, and that in addition to all other remedies to which is may be entitled, APS may be entitled to specific performance and/or injunctive or other relief with as a remedy. Any equitable relief sought or secured hereunder shall not bar recovery for and other remedies available at law or in equity, including without limitation, money damages.

[There is no numbered paragraph 4]

5. Term of This Confidentiality Agreement.

The provisions of this Confidentiality Agreement shall remain in effect for a period of three (3) years after the date thereof.

6. Execution.

Please acknowledge your agreement to the terms of this Confidentiality Agreement by signing in the space provided.

Sincerely,
ARIZONA PUBLIC SERVICE COMPANY
By: /s/ Dennis F. Beal
Title: Director-SW Marketing

AGREED TO THIS 9 day of
June, 1999
CITIZENS UTILITY COMPANY
By: /s/ Dan McCarthy
Title: VP Ariz Energy

End Quote.

The following pertain to the above Confidentiality Agreement

- (1) Paragraph 5 of this agreement indicates that it shall remain in effect for three years after the date thereof. The letter is dated June 1, 1999 and was signed by Citizens on June 9, 1999. Is this Confidentiality Agreement "effective"?

CITIZENS RESPONSE/RATIONALE:

- (2) Have any other such agreement superseded or extended this Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

- (3) Upon reading this agreement, only in the Opening Paragraph and Paragraph 2 scope and define "Confidentiality". There are two definitions, under the Opening Paragraph (1) and (2). The first pertains to data not being discussed in these proceedings. The second pertains to the "Transaction" which is defined as "APS's billing methodology and supporting pricing information." Upon reading Paragraph 2, only reference to the Transaction is discussed. Does Citizens agree with definition of "Classified Information" covered by this Agreement? If not, then please further define the scope what is classified and what is not classified.

CITIZENS RESPONSE/RATIONALE:

- (4) If there is not an effective Confidentiality Agreement, how can Citizens claim material is covered by such an agreement, such as Attachments A and B to Cheifetz & Iannitelli letter of 6 September 2000 and Attachments A, B, and C to Cheifetz & Iannitelli letter of 10 September 2002 to Mr. Raymond Heyman?

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

3.16B Effective "APS-Citizens Confidential" Information and Disclosure.

A review of the documents withheld due to the above Confidentiality Agreement appears excessive. As indicated in 3.16A above, there is (a) no effective Confidentiality Agreement or (b) If there is, then Confidentiality pertains only to the "Transactions" discussed in MM-3.10A above. From Marshall Magruder Data Request Two, the following withheld documents were reviewed and related questions related. Information governed by an effective Confidentiality Agreement is not requested, but assurance that the scope and definition of what is Confidential is met by the specific documents below. A table is used to facilitate. All documents requested to be reviewed for applicable Confidentiality had the same Response "This document will be provided when Citizens receives a copy of a signed confidentiality agreement between Mr. Magruder and APS." At present, obtaining such a document is not feasible, therefore, could each of the below be reviewed in accordance with (a) or (b) above.

Bates Doc. No.	Type	Date	Title	Attachment (File ID)
CCC006545	Email, Breen to Beals, cc Craven	2000 May 15	Draft Agreement	Settlement Terms (Rev 1).doc

(62) Does CCC06546-05548, a 3-page attachment to this email Specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006549	Email, Breen to Avery, Beth, Craven, Dabelstein, Heintz, Marks, McCarthy	2000 April 25	APS letter (went out Monday 4/24)	April 24 APS Lettter-Final.doc
------------------	--	---------------	-----------------------------------	--------------------------------

(1) (63) Does CCC006550-6551, a 2-page attachment to this email specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC06552	Email, Craven to Avery, Beh, Dabelstein, Heintz Marks, McCarthy	2000 April 21	Re: Draft APS letter (contains additions/changes)	1. April 24 APS Letter (with RAC comments).doc 2. rcraven.vcf
-----------------	---	---------------	---	--

(2) (64) Does CCC006553-6554, a 2-page attachment to this email, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006555	Email, Breen to Avery, Beh, Craven, Dabelstein, Heintz, Marks, McCarthy	2000 April 21	Draft APS letter (review and comment)	April 24 APS Letter.doc
------------------	---	---------------	---------------------------------------	-------------------------

(65) Does CCC006556-6557, a 2-page attachment to this email, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006558	Email, Breen to Avery, Beh, Craven, Dabelstein, Heintz, Marks, McCarthy	2000 March 23	APS Letter (final letter to APS, Beals previewed yesterday, called to "vent" this morning, still talking	APS SIC TER-MAR 23 Final
------------------	---	---------------	--	--------------------------

(66) Does CCC006559-6571, a 13-page attachment, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006572	Email, Jim (JPA) to Avery, Beh, Breen, Craven, Dabelstein, Marks	2000 March 12	Re: APS Letter	SIC ..r-Mar00(rac & JPA c... [incomplete]
-----------	--	---------------	----------------	---

(67) Does CCC006573-6578, a 6-page attachment to this email, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006579	Email, Craven to Avery, Beh, Dabelstein, Heintz, Marks	2000 March 09	Re: APS Letter	SIC.. -Mar00(rac comme.. [incomplete]
-----------	--	---------------	----------------	---------------------------------------

(68) Does CCC006580-6584, a 5-page attachment to this email, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006586	Email, Breen to Avery, Beh, Craven, Dabelstein, Heintz, Marks	2000 March 09	APS Letter	SIC Letter-Mar00.doc
-----------	---	---------------	------------	----------------------

(69) Does CCC006587-6544, an 8-page attachment, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006595	File separator with post note	Not dated	"APS Billing"	
-----------	-------------------------------	-----------	---------------	--

(70) Does the 3 pages that follow CCC006596-6598 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006599	Email, Breen to Avery, Beh, Craven, Dabelstein, Heinz, Marks, cc: McCarthy	2000 March 23	APS Letter	APS SIC LETTER-MAR 23 FINAL.doc
-----------	--	---------------	------------	---------------------------------

(71) Does CCC006600-6606, a 7-page attachment, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006606	Letter, Newton (CUC) to APS (Gibson), cc: Breen, Cogan, Craven, Martin, McCarthy, Weidenbacher, Wright	1999 October 21	None (gives notice that the disputed amount is being paid under protest)	None
-----------	--	-----------------	--	------

(71) Does the 2 pages that follow CCC006607-6609 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

(72) Why is a letter originated by Citizens that disputes the APS charges considered as Confidential?

(73) If this letter were not provided as open source material during discovery, then what is the rationale, that Citizens would not want such a letter presented in these hearings?

(74) Can this letter have the "confidential" information removed and be provided in a redacted form?

CITIZENS RESPONSE/RATIONALE:

CCC006612	APS Letter, Stewart (Pres-Generation) to VP (CUC), cc: Craven, Denman (APS)	1999 March 15	Contract 46411 – Purchase Power Agreement Cancellation	APS exercises its right to retain turbines; however, would wish CUC to purchase land
-----------	---	---------------	--	--

It should be noted that this letter discussed Contract 46411 while the Confidentiality Agreement provided in response to MM-2.16A pertains to APS Contract No. 57876.

- (75) Do the 6 pages that follow CCC006613-6618 specifically discuss "Transactions" as defined in an effective APS-Citizens Confidentiality Agreement?
- (76) Is there a different Confidentiality Agreement for APS Contract 46411?
- (77) What are the dates indicated on these pages that does without discussing "Transactions"?

CITIZENS RESPONSE/RATIONALE:

CCC006619	Fax, Breen to Craven	2000 Jun 22 1603	None	Not stated, 4 pages
-----------	----------------------	---------------------	------	---------------------

- (78) Does CCC006620-6622, a 3-page attachment, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC006625	Fax from Chuck Wiese to Craven	2000 Nov 11 0940	None	Not stated, 4 pages
-----------	--------------------------------	---------------------	------	---------------------

- (79) Does CCC006626-6628, a 3-page attachment, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?
- (80) Did this document from the Tohono O'odham Nation specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?
- (81) What business relationships does Citizens have with the Tohono O'odham Nation that requires confidentiality of "Transactions" under APS Contract No. 57876?

CITIZENS RESPONSE/RATIONALE:

CCC006641-6650	CONFIDENTIAL??			
----------------	----------------	--	--	--

- (82) Do these 10 pages that follow CCC006641-6650 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?
- (83) What are the dates indicated on these pages?
- (84) What entity and person originated and what entity and/or persons received these pages?

CITIZENS RESPONSE/RATIONALE:

CC006654-6655	Email, Craven to Breen, cc: Avery, Dabelstein, Gelber, Heintz, Krombholts, McCarthy	2000 Nov 13 0951	"Re: APS Letter	APS New Contract Letters [rac comments111300].doc
---------------	---	---------------------	-----------------	---

- (85) Do the 56 pages that follow CCC006656-6702 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement under APS Contract 57876?
- (86) What are the dates indicated on these pages?
- (87) The New APS Contract (PWCC Schedule FERC No. 4) is 33-pages long. Do these 56-pages provide information concerning the fixed-price approach in the New Contract or do these pages refer to modification or changes to the Old Contracts?

CITIZENS RESPONSE/RATIONALE:

CCC060703	Fax, Breen to Avery, Beh, Craven, Marks, Heintz	2000 Apr 18	"Re: APS Agreement/SIC Matter	APS Agreement/SIC matter
-----------	---	-------------	-------------------------------	--------------------------

The New APS Contract, PWCC Schedule FERC No. 4, has 33 pages.

- (88) Do the 32 pages that follow CCC006704-6737 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement pertaining to APS Contract 57876 or do they pertain to PWCC Schedule FERC No. 4?

- (89) What are the dates indicated on these pages?

CITIZENS RESPONSE/RATIONALE:

CCC006740	File separator with post note		"Stipulation #3 Service Sched A"	None
-----------	-------------------------------	--	----------------------------------	------

- (89) (90) Do the 25 pages that follow CCC006741-6765 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

- (90) (91) What is the relationship between Stipulation #3 and "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

- (92) What dates are indicated on these pages?

CITIZENS RESPONSE/RATIONALE:

CCC007326-7336				
----------------	--	--	--	--

- (93) Do the 11 pages that follow CCC007326-7336 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement??

- (94) What is the relationship between the preceding contract and following contract excerpts and "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement??

CITIZENS RESPONSE/RATIONALE:

CCC007344	Flier	5/26/98	APS Meeting	
-----------	-------	---------	-------------	--

- (95) Do the pages that follow CCC007345-7346 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

- (96) What are the dates of these pages?

CITIZENS RESPONSE/RATIONALE:

CCC007347-7348	Notes	None, est. Jan 2001	Notes (appears to be writing of Rasel Craven)	None
----------------	-------	---------------------	---	------

- (97) From response to MM-2.16B (46), Citizens indicated that discussions about the fixed-price contract began several months before then [April 1, 2001]. Who initially proposed a new fixed-price contract, APS or Citizens?

CITIZENS RESPONSE/RATIONALE:

- (98) The Confidentiality Agreement provided in response to MM-2.16B (46) does not specify as "confidential" information concerning a new fixed-price for APS Contract or by an expired Confidentiality Agreement. Does Citizens consider that the identification of when such discusses stated as being "confidential"? If so, please provide supporting rationale.

- (99) What person, by name, was the initial lead for APS and who person, by name, was the initial lead for Citizens during such fixed-price contract discussions? If the leads changed, please provide the sequence of leaders for each team during these discussions.

CITIZENS RESPONSE/RATIONALE:

- (100) Response to MM-2.16B (47) discusses "hedges" that "PWCC would use in the wholesale power market." Please provide any documentation that provides more details about these wholesale market hedges. In particular, how was APS going to use hedges for wholesale prices under a fixed-price arrangement that he was discussing?

CITIZENS RESPONSE/RATIONALE:

There is serious concern about the electricity industry being able to obtain credit. The *Wall Street Journal* article on 15 October 2002, "Electric Industry Hits Credit Crisis: S&P Reports Downgrades Have Quadrupled This Year Amid Crippling Debt Loads," on pages A2 and A6. This article stated the "power industry is experiencing the worst credit crunch since the Great Depression and it is only likely to get worse... A S&P report said that half of the industry now falls at "junk" bond levels of double-B plus or below."

- (101) Response to MM-2.16B (48) indicates that Mr. Hansen had concerns about Citizens credit rating. The proposed PWCC-Citizens Agreement Article 4 (Original Sheet No. 10) defines minimum credit ratings necessary for the Buyer [Citizens] before "Material Adverse Change" occurs. Please provide the present Citizens and debt ratings as indicated in Table below? If this rating is below the stated requirements listed in this Article, please provide additional information that documents such Citizens recent debt ratings.

CITIZENS RESPONSE/RATIONALE:

Citizens Credit Rating as of	Minimum per Art. 4	June 2000	June 2001	June 2002	October 2002
Standard & Poor's	BBB-				
Moody's	Baa3				
Fitch	BBB-				
PWCC (APS) Credit Rating as of	Minimum per Art. 4	June 2000	June 2001	June 2002	October 2002
Standard & Poor's	BBB-				
Moody's	Baa3				
Fitch	BBB-				

- (102) Please provide the debt rating, if known, for PWCC in the above Table?
- (103) If Citizens debt rating falls below investment grade, could Citizens consider using this approach to default under Article 5 to determine an Early Termination Date for this proposed Agreement?

CITIZENS RESPONSE/RATIONALE:

- (104) In response to MM-2.16B (48) Citizens indicated that Mr. Hansen (APS) was concerned "over changes in Citizens' credit rating if it were sold to another entity..." There are many different decisions that the ACC Commissioners could make in this PPFAC case. What are Citizens concerns about its credit rating, under the following PPFAC decision scenarios, **before** AED is sold?

- a. All of the requested PPFAC charges in the Applications(s) are recovered?

- b. Only 50% of the requested PPFAC charges in the Application(s) are recovered?
- c. Only 50% of the disputed PPFAC charges are recovered, the ACC Commissioners decides APS is required to "refund" to Citizens the other 50% of the disputed PPFAC charges, and all non-disputed PPFAC charges are recovered?
- d. All the non-disputed PPFAC charges are recovered and the ACC Commissioners requests that Citizens return after solving the dispute over the "disputed" PPFAC charges?
- e. Only the non-disputed PPFAC charges in the Application(s) are recovered?
- f. None of the PPFAC charges in the Application(s) are recovered?

CITIZENS RESPONSE/RATIONALE:

(105) From the previous question, please provide Citizens concerns about Citizens Communications credit rating, under the above possible PPFAC decision scenarios, **after** AED is sold?

CITIZENS RESPONSE/RATIONALE:

(106) Please discuss various debt credit factors that could impact the credit rating impact on a potential Buyer, considering the above PPFAC decision scenarios.

CITIZENS RESPONSE/RATIONALE:

(107) In response to MM-2.16B (51) Citizens indicated that Mr. Hansen (APS) made a statement "concerning a possible buy-out of the power purchase agreement by Citizens." Please discuss the implications of such a buy-out on various PPFAC decision scenarios? Timing of such a "buy-out" was not indicated, thus please indicate if this was before or after the ACC made its decision.

CITIZENS RESPONSE/RATIONALE:

(108) Which party, PWCC (APS) or Citizens, would "buy-out" the power purchase agreement?

CITIZENS RESPONSE/RATIONALE:

(109) What are the impacts and implications of "and not to hedges" with respect to a power purchase agreement buyout? Also, please explain the meaning of hedges in this context.

CITIZENS RESPONSE/RATIONALE:

(110) Who would sell the "Citizens contract option" discussed in MM-2.16B (51)? Please discuss this "contract option."

CITIZENS RESPONSE/RATIONALE:

(111) Do the 7 pages that follow CCC0073459-7356 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

- (112) Are these 7 pages a "trip" report or notes from the meeting discussed in CCC007347 and CCC007348? If so, then does specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

(113)

CCC007638	Fax, Newton to Craven	1998 Aug 28	Unk	Unk, one page
-----------	-----------------------	-------------	-----	---------------

- (113) Does the page, which follows CCC007639, specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC007640	Fax, Newton to Craven	1998 Jun 03	Unk	Unk, one page
-----------	-----------------------	-------------	-----	---------------

- (114) Does the page, which follows CCC007641 specifically, discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

CITIZENS RESPONSE/RATIONALE:

CCC007642	Fax, Newton to Craven	1998 Jun 03	Unk	Unk, one page
-----------	-----------------------	-------------	-----	---------------

- (115) Does the page, which follows CCC007643 specifically, discuss acquisition of Citizens by APS?

CITIZENS RESPONSE/RATIONALE:

CCC007668	Email, Craven to Breen	2001 May 18	Exhibits A & C to APS Contract	JakersExhibitsA&C051801.doc, CZN48166ExhC2001.doc, CUC48167ExhA2001.rft
-----------	------------------------	-------------	--------------------------------	---

- (116) Do the 10 pages that follow CCC007670 to 7678 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

- (117) Do these proposed changes to APS contracts 48166 or 48167 meet the requirements of the Confidentiality Agreement that specifically applies to APS Contract No. 57876?

CITIZENS RESPONSE/RATIONALE:

CCC007670	Email, Eileen Hamlin to Craven, et al	2001 Jan 30	Attached	APS Valencia Letter, 01-29-01 Final.doc
-----------	---------------------------------------	-------------	----------	---

- (118) Do the 5 pages that follow CCC007680 to 7685 specifically discuss "Transactions" as defined in the effective APS-Citizens Confidentiality Agreement?

- (119) Why is a letter between Citizens and APS about Valencia Turbines confidential when the response to MM-11.1 (3) provided 38 pages of emails and attachments and a floppy disc that concerned various drafts of Service Agreements for Valencia Turbines? Since Citizens own this generation capability, then condition (1) of the Confidentiality Agreement cannot apply since it is not APS generation, thus (2) details of this remote generation facility are difficult to understand how and why such a document cannot be released in this case.

CITIZENS RESPONSE/RATIONALE:

RESPONSE (S) BY:

Data Request MM-3.17 (1) or (1) to (23)

Possible Conflict of Interest
(0201020 - Original)

3.17 The Citizens PPFAC Application was sent to the ACC on 28 September 2000. One of the addresses was a **Deborah R. Scott**, Director, Utilities Division, Arizona Corporation Commission. About 15 September 2002 I received four boxes containing about 13,000 pages in response a Mohave and Santa Cruz County Data Request. The shipping label was from "**Deb Scott**, Citizens Communications, 2901 North Central Avenue, Phoenix AZ 85012."

- (1) Are these the same person? If so, then continue with additional data requests below. If not, then please delete the below.

CITIZENS RESPONSE/RATIONALE:

If these are the same person, then a conflict of interest might exist. In the position as Director of the Utilities Division, Ms. Scott has responsibilities for the Utility Division. These are summarized from the ACC web page as follows:

The Arizona Corporation Commission has jurisdiction over the quality of service and rates charged by public service utilities. By state law, public service utilities are regulated monopolies given the opportunity to earn a fair and reasonable return on their investments. What is fair and reasonable in any particular case has been and always will be open to debate in rate hearings before the Commission. Generally, the Commission tries to balance the customers' interest in affordable and reliable utility service with the utility's interest in earning a fair profit.

The **Utilities Division** makes specific recommendations to the Commissioners to assist them in reaching decisions regarding public utility rates, utility finance and quality of service. The Division is responsible for researching and developing utility issues, providing information and evidence in Commission proceedings dealing with utility applications, and monitoring the quality of utility service, and the rates approved by the Commissioners. Additionally, Division staff inspects gas pipelines for safety, operates a railroad safety program and maintains the official documents of proceedings before the Commission.

All rate changes require approval of the Commission in an Open Meeting. Staff preparation for a major rate hearing begins at the time of utility's initial filing, and takes approximately four to six months before the hearing takes place. Work efforts between the time of filing and hearing include a review of past Commission actions, a review of documents on file with the Commission, an audit of the books and records of the utility, discussions with utility personnel and other interested parties, formulation of the staff recommendation, an analysis of the impacts of the recommendation, and preparation of written testimony and schedules.

The ACC Utility Division "Mission Statement" is as follows:

To recommend thoroughly researched, sound regulatory policy and rate recommendations to the Commissioners, which are based on a balanced analysis of the benefits and impacts on all stakeholders and are consistent with the public interest.

The Citizens Communications *2001 Annual Report*, states

Our Values.

In pursuit of our corporate mission, we will strive to:

Treat one another with respect

Be scrupulously ethical in all our dealings

Always take the initiative

Be an outstanding citizen in each of the communities we serve

Preserve and protect our environment
Take pride in our work and pleasure in what we do.

- (2) What were the employment dates for Ms. Scott at the ACC? If she was employed more than once, include all such employment dates.

CITIZENS RESPONSE/RATIONALE:

- (3) If Ms. Scott was a consultant or under contract to the ACC in any capacity, please provide these employment dates and task description statements.

CITIZENS RESPONSE/RATIONALE:

- (4) What was the position description for each position she held at the ACC? Please provide these position descriptions.

CITIZENS RESPONSE/RATIONALE:

- (5) What are the ethical and conflict of interest rules that pertain to these positions? Please provide current source documentation.

CITIZENS RESPONSE/RATIONALE:

- (6) What was the usual role Ms. Scott performed at the ACC, in particular, what were her specific duties and responsibilities for hearings, such as this PPFAC proceeding?

CITIZENS RESPONSE/RATIONALE:

- (7) Did Ms. Scott have knowledge of this PPFAC proceeding, by either direct means, such as signing records or documents associated with these issues, or indirectly, such as having access to a database which could contain the status of these proceedings? If she signed any documents, such as personnel work assignments, assessments, document reviews, attended meetings which included this case, or any other notes or diary, calendar or other record, please provide such documentation.

CITIZENS RESPONSE/RATIONALE:

- (8) What ethical training and accomplishment criteria were Ms. Scott required to achieve for her position as the Utility Division Director? Include the status and attainment towards any such training and accomplishment ethical goals met by Ms. Scott during her tenure at the ACC.

CITIZENS RESPONSE/RATIONALE:

- (9) Are there any statutes, rules, regulations, procedures or processes required by the State of Arizona or the ACC concerning conflict of interest? If so, please provide copy of such rules that pertain to all of the positions held by Ms. Scott at the ACC.

CITIZENS RESPONSE/RATIONALE:

- (10) Do any of these "rules" limit ex-ACC employees, either temporarily or participation-wise after leaving the ACC? If different, such rules pertain to various positions held by Ms. Scott, please so indicate. For example, as a retired regular naval officer, I had one, two, five and lifetime federal

regulations that impacted my future employment opportunities with felony level sentences for violation.

CITIZENS RESPONSE/RATIONALE:

- (11) Did the ACC provide Ms. Scott with specific instructions concerning future employment limitations that maybe conflicting with her when she made know her intentions to seek other employment?

CITIZENS RESPONSE/RATIONALE:

- (12) What were the direct involvements of Ms. Scott with the ongoing hearings? Include any discussions, personnel assignment responsibilities, and management decisions that directly and indirectly impacted the ACC side of these hearings?

CITIZENS RESPONSE/RATIONALE:

- (13) Was Ms. Scott having meetings with Citizens concerning these hearings prior to her leaving the ACC? If so, please provide full accounting, records, notes, phone records, emails, and any other information concerning such events, even if only telephonically.

CITIZENS RESPONSE/RATIONALE:

- (14) What material or documentation was Ms. Scott permitted to remove from the ACC when she ended her employment?

CITIZENS RESPONSE/RATIONALE:

- (15) Was Ms. Scott required to sign any document not to disclose information obtained during her employment? If so, please provide a copy of such documentation.

CITIZENS RESPONSE/RATIONALE:

- (16) On what date did Citizens Communications first discuss possible employment with Ms. Scott?

CITIZENS RESPONSE/RATIONALE:

- (17) Did Citizens understand the ACC conflict of interest or ethical standards, as requested above, when such pre-employment discussions were ongoing?

CITIZENS RESPONSE/RATIONALE:

- (18) On what date did Ms. Scott agree to work for Citizens and when did her employment first begin?

CITIZENS RESPONSE/RATIONALE:

- (19) What are the statutes, rules, regulations, procedures or processes required for Citizens concerning conflict of interest?

CITIZENS RESPONSE/RATIONALE:

- (20) What are the positions held by Ms. Scott, including the position descriptions for each position, and when was each held?
- (21) What ethical training and accomplishment criteria were Ms. Scott required to achieve for her position at Citizens? Include the status and attainment towards any such training and accomplishment ethical goals met by Ms. Scott during her present tenure at Citizens.

CITIZENS RESPONSE/RATIONALE:

- (22) What are all of the Ms. Scott's duties and roles with respect to this PPFAC proceeding? Please describe how she is involved or not involved with this case to the level necessary to "prove" no conflict of interest, if that is the case.

CITIZENS RESPONSE/RATIONALE:

- (23) What are the expected consequences on these PPFAC proceedings if Ms. Scott is found to be in conflict of interest?

CITIZENS RESPONSE/RATIONALE:

RESPONSE (S) BY:

Data Request MM-3.18 (1) to (16)

FERC Investigations with Respect to Possible Illegal Energy Charges
(0201020 - Original)

The summer of 2000 was a very turbulent time for the energy market, especially the wholesale electricity market in the western United States. Fraud and other illegal charges have been resulted from some of the activities, which resulted in higher than normal energy prices. The Federal Energy Regulatory Commission (FERC) and national market organizations are all conducting ongoing investigations into these matters. In order to evaluate potential problem area, FERC, on 8 May 2002 requested information pertaining to some of these charges. As a result of this inquiry and others, several utilities in Arizona have been considered as having knowledge or may information pertaining to these charges. The State of California has file various suits requested that illegal excessive charges be refunded to ratepayers in that state. Since Arizona, and in particular Citizens could have been a target for such rate manipulations. Citizens is one of the few major utilities that is not under a "price freeze." To the best of my knowledge, the State of Arizona is not actively pursuing any investigations that are ongoing in California. In order to ensure Citizens ratepayers were not manipulated during the May 2000 through July 2001 time period, resolution of some preliminary issues are requested with the goal to determine if is it appropriate to set a value during these hearing for PPFAC or wait until the issues that involve excessive and disputed charges are first resolved. These questions are not intended to imply or charge that any company has committed illegal or fraudulent activities as resolution of those issues are not applicable to PPFAC, however, "fair and reasonable" energy prices are required to be charged by companies to rate payers by the Federal Energy Act, section 205. If "fairness and reasonableness" cannot be assured, then resolution of what is fair and reasonable under these conditions will need to be decided by the Corporation Commission.

The new PWCC Agreement (Revised Application Exhibit Citizens Response to ACC Staff Data Request Fourteen LS 14.7. This response states that Citizens is aware that APS has been involved in the FERC proceedings "relating to claims of amounts owed to or by various parties as a result of sales into and purchased from the California market, as well as similar proceedings for other parts of the West." In addition, Citizens Response to LS 14.8 indicates many of the FERC dockets that APS is monitoring.

- (1) If, APS (or PWCC) receives a refund from any of these FERC proceedings, will such a refund be made to Citizens? If so, please describe how this refund will be assessed as being applicable to Citizens and computation of PPFAC in your response.

CITIZENS RESPONSE/RATIONALE:

In August 2002, FERC Staff released an *Initial Report on Company-Specific Separate Proceedings and Generic Reevaluations; Published Natural Gas Price Data; and Enron Trading Strategies – Fact-Finding Investigation of Electric and Natural Gas Prices*, Docket No. PA02-2-000, found at www.ferc.gov. From pages 90 and 91 of this report, the following were reported:

"Historically, California has relied heavily on generation imports to meet its peak summer needs. However, the summer of 2000 did not follow this pattern. In fact, when compared to earlier periods, the total amount of power exported out of California during that summer was significantly larger than expected. This anomaly has been the subject of prior reports and studies. For example, a report by the General Accounting Office (GAO) on California restructuring indicated that monthly exports from May through October 2000 were between 40 and 230 percent higher than the same months in 1998 and 1999. Overall, exports were approximately 200 percent higher from May through October 2000 than in the same period in either 1998 or 1999. [Footnote 96. U.S. General

Accounting Office, *Restructured Electricity Markets: California Market Design Enabled Exercise of Market Power*, Report no. GAO-02-828 (released July 2002), at page 32 (GAO California restructuring report).

Table I compares import, export data from June through September 2000 with import, and export data from the same months in 1999. Total imports are lower in 2000, while total exports are higher. As a result, total net imports were much lower in 2000 than in 1999.

Table I: Hourly Average Peak Imports				
Year	Month	Scheduled Imports	Hour-Ahead (MW) [1]	
			Scheduled Exports	Net Scheduled Imports
1999	June	8,190	1,993	6,197
	July	9,370	2,845	6,525
	August	9,074	2,782	6,292
	September	9,247	2,106	7,141
2000	June	7,001	3,852	3,149
	July	7,574	4,918	2,656
	August	6,884	5,809	1,074
	September	6,809	3,974	2,836
[1] Based on ISO hour-ahead schedules.				
Peak hours are Monday-Saturday, hours ending 7-22.				

- (2) Was Citizens aware that exports from California, at high prices, could have been re-sold to Citizens since APS was unable to meet its total load requirements during some peak periods?

CITIZENS RESPONSE/RATIONALE:

- (3) Did Citizens reply to the 8 May 2002 request for information by the FERC on these problems? If so, please provide a copy of your reply.

CITIZENS RESPONSE/RATIONALE:

- (4) Was Citizens aware that the natural gas price indexes did not reflect the value for national gas used as the fuel by many electricity generation companies? See Section IV, "Analysis of Published Price Data for Natural Gas and Electricity, including California delivery point prices used in the California Refund Proceeding," in the above FERC Report?

CITIZENS RESPONSE/RATIONALE:

- (5) Citizens Response to ACC Staff Data Request LS 14.15 states "Citizens does not routinely track competitive power market prices" and has not does so since June 2001 to present due to a proposed (and not approved) "fixed-price APS Agreement. Since Citizens Communications utilities, in Arizona include both natural gas and electricity, why are such markets not being tracked? A prudent company should always be looking for the best opportunity or ways to improve its margin.

CITIZENS RESPONSE/RATIONALE:

- (6) Since the June-July, 2001 APS Agreement was developed and negotiated at the peak of the Western states energy crisis and also market price peaks, and is also considerably higher than present

wholesale electricity rates, does Citizens consider that negotiation during such a time frame was not idea for determining the best value for its customers, its ratepayers?

CITIZENS RESPONSE/RATIONALE:

- (7) Has Citizens considered renegotiating this "unapproved" PWCC-Citizens Agreement now that the energy market is under much tighter control, with some questionable energy marketers having left the business, than during the conditions prevailing during May 2000 through July 2001?

CITIZENS RESPONSE/RATIONALE:

- (8) What will be Citizens recourses of action if the ACC disapproves the PWCC-Citizens Agreement? Include the impacts on the Old Agreement and consideration of other sources of electricity that Citizens might seek to obtain at lower prices than the present New Agreement.

CITIZENS RESPONSE/RATIONALE:

- (9) What are the impacts on Citizens if the ACC reduces the net wholesale rate (to say a \$50.00/MW-hr) based on "excessive charges" during the May 2000 to July 2001 period in order to settle the APS "disputed" charges issue? This could be a solution to the excessive charges uncovered during these FERC investigations.

CITIZENS RESPONSE/RATIONALE:

- (10) What are the impacts on Citizens if the ACC reduced the wholesale rate to, say \$48.00/MW-hr (instead of a \$58.79 fixed rate), in the proposed PWCC-Citizens Agreement in the Application(s) based on "fair and reasonable" based on the changes in the Western energy market? Include any expected or possible actions that PWCC (APS) may take if the Commissioners make such a decision.

CITIZENS RESPONSE/RATIONALE:

- (11) If the natural gas prices are determined by FERC to be overcharges and then are reduced for the period May 2000 to July 2001, will Citizens request a refund from PWCC or APS?

CITIZENS RESPONSE/RATIONALE:

- (12) Would Citizens consider filing for a refund as "recovered costs with respect to PPFAC?

CITIZENS RESPONSE/RATIONALE:

(13) What interest rate would Citizens charge PWCC (or APS) for incurring such a refund?

CITIZENS RESPONSE/RATIONALE:

(14) Would all of "a refund that exceeds the APS disputed charges" be "passed through" to the Citizens ratepayers? If not, please provide how much of this refund would be "passed through" and why any of any "excess of refund over disputed charges" would not be returned to ratepayers.

CITIZENS RESPONSE/RATIONALE:

(15) If Citizens charges PWCC or APS interest for overcharging the "disputed" charges, what part of that interest will be refunded to Citizens ratepayers?

CITIZENS RESPONSE/RATIONALE:

(16) Has Citizens been closely tracking the various FERC and other investigations to determine if APS may have to refund power costs? In particular, Citizens Response to ACC Staff Data Request LS 14.7 indicates that Citizens is aware that such investigations have involved APS.

CITIZENS RESPONSE/RATIONALE:

(17) Which of the proceedings that are listed in Citizens Response to ACC Staff Data Request LS 14.8 appear most likely to result in purchase power refunds to Citizens?

CITIZENS RESPONSE/RATIONALE:

RESPONSE BY:

Attachment B

Summary of Marshall Magruder Data Requests

DR Number	Data Request Title (Subject)	Date	Sequence	Response Due
MM-1.1 (1) to (4)	New Citizens – APS Agreement(s)	020830	Orig.	6 Sept. 2002
MM-3.1 (5) to (21)	New Citizens – PWCC Agreement(s)	021020	Mod 1	29 Oct. 2002
MM-1.2 (1) to (3)	Citizens "Loan" Agreement	020830	Orig.	6 Sept. 2002
MM-2.2 (4) to (6)	Citizens "Loan"	020913	Mod 1	17 Sept. 2002
MM-3.2 (7) to (38)	Citizens PPFAC Account and "Loan"	021020	Mod 2	29 Oct. 2002
MM 1.3 (1) to (4)	Adjustments to Bank Balance Form FA-1	020830	Orig.	6 Sept. 2002
MM-1.4 (1) to (3)	Forecast versus Actual Data	020830	Orig.	6 Sept. 2002
MM-1.5 (1) to (6)	WAPA Recovery	020830	Orig.	6 Sept. 2002
MM-1.6 (1) to (4)	Valencia Substation Power Supply Costs and Savings	020830	Orig.	6 Sept. 2002
MM-2.6 (5) to (8)	Valencia Substation Power Supply Costs and Savings	020913	Mod 1	17 Sept. 2002
MM-3.6 (9) to (10)	Valencia Turbines	021020	Mod 2	29 Oct. 2002
MM-1.7 (1) to (3)	Number of Citizens Customers	020830	Orig.	6 Sept. 2002
MM-2.7 (4) to (5)	Number of Customers	020913	Mod 1	17 Sept. 2002
MM-3.7 (6) to (8)	Number of Customers	021020	Mod 2	29 Oct. 2002
MM-1.8 (1) to (5)	Generated and Purchased Power versus Sales	020830	Orig.	6 Sept. 2002
MM-2.8 (4) to (6)	Generated and Purchased Power versus Sales	020913	Mod 1	17 Sept. 2002
MM-1.9 (1) to (2)	Variance between ACC Bank Balance Forms and Performa Spreadsheets	020830	Orig.	6 Sept. 2002
MM-1.10 (1) to (4)	APS and Citizens Agreements Concerning Acquisition of the AED	020830	Orig.	6 Sept. 2002
MM-2.10 (5) to (9)	APS and Citizens Agreements Concerning Acquisition of the AED	020913	Mod 1	17 Sept. 2002
MM-1.11 (1) to (6)	Citizens Demand Side Management Program	020830	Orig.	6 Sept. 2002
MM-1.12 (1) to (8)	Use of Derivatives to Mitigate Costs	020830	Orig.	6 Sept. 2002
MM-1.13 (1) to (3)	Citizens AED Capital Improvements	020830	Orig.	6 Sept. 2002
MM-1.14 (1) to (3)	AED Litigation Expenses	020830	Orig.	6 Sept. 2002
MM-2.14A (1) to (3)	Citizens AED Litigations	020913	Orig.	17 Sept. 2002
MM-2.14B (1) to (2)	Citizens AED Litigations	020913	Orig.	17 Sept. 2002
MM-2.15 (1) to (9)	FERC Order ER00-2268-000 Impacts and Alternative Dispute Resolution (ADR)	020913	Orig.	17 Sept. 2002
MM-2.16A	Non-Disclosure Due to APS Confidentiality Agreement	020913	Orig.	17 Sept. 2002
MM-3.16A (1) to (4)	Current APS0Citizens Confidentiality Agreement	021020	Mod 1	29 Oct. 2002
MM-2.16B (1) to (61)	Non-Disclosure Due to APS Confidentiality Agreement	020913	Orig.	17 Sept. 2002
MM-3.16B (62) to (119)	Non-Disclosure Due to APS Confidentiality Agreement	021020	Mod 1	29 Oct. 2002
MM-3-17 (1) or (1) to (23)	Possible Conflict of Interest	021020	Orig.	29 Oct. 2002
MM-3.18 (1) to (17)	FERC Investigations with Respect to Possible Illegal Energy Charges	091020	Orig.	29 Oct. 2002